

Message Text

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11

ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 PA-04 PRS-01

USIA-15 /169 W

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R 040009Z MAY 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1493

C O N F I D E N T I A L MEXICO 3689

E.O. 11652: GDS

TAGS: ENRG, MX

SUBJECT: MOYA PALENCIA ON MEXICAN ENERGY POLICY

1. DURING THE COURSE OF A CONVERSATION WHICH AMBASSADOR HELD ON APRIL 29 WITH SECRETARY OF GOVERNMENT MARIO MOYA PALENCIA, THE SUBJECT OF MEXICO'S ENERGY POLICY CAME UP. THE SECRETARY (CONSIDERED BY MANY TO BE A LEADING PROSPECT TO SUCCEED ECHEVERRIA IN THE PRESIDENCY) TOOK THE OCCASION TO EXPLAIN HIS OWN POSITION ON MEXICO'S ENERGY RESOURCES.

2. ACCORDING TO MOYA, MEXICO SHOULD EXERT EVERY EFFORT IN THE NEXT YEAR OR SO TO ACHIEVE SELF-SUFFICIENCY IN CRUDE PRODUCTION AND REFINERY CAPACITY. AFTER THAT, MEMICO SHOULD MOVE CAUTIOUSLY WITH REGARD TO OIL EXPORTS, PERHAPS EXPORTING RESIDUAL FUEL AND A MODEST AMOUNT OF REFINED PRODUCT, BUT TAKING CARE TO AVOID EXTRACTING SUBSTANTIAL QUANTITIES OF CRUDE TO REFINED AND EXPORT FOR SHORT-TERM FOREIGN EXCHANGE ADVANTAGES, THUS RUNNING THE RISK OF LEAVING MEXICO WANTING IN FUTURE GENERATIONS.

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3. MOYA DID SUGGEST THAT MEXICO WOULD BE WILLING TO TAKE FOREIGN CRUDE TO THE EXTENT THAT SURPLUS REFINERY CAPACITY EXISTS IN FUTURE YEARS, AND EXPORT ITS REFINED PRODUCT. ALSO, MEXICO MIGHT CONSIDER EXPORTING REFINED PRODUCT WHEN RELATIVE TRANSPORT COSTS MADE IT ECONOMICALLY DESIRABLE (E.G. EXPORTING FROM NORTHERN MEXICO TO U.S. IN MODEST AMOUNTS). HOWEVER, THRUST OF HIS REMARKS WAS TO EFFECT THAT MEXICO SHOULD BE "MUY CONSERVADORA" IN ITS FUTURE OIL EXPORT POLICIES. JOVA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, EXPORTS, PERSONAL OPINION
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MEXICO03689
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740107-0899
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740573/aaaacoal.tel
Line Count: 70
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 18 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 SEP 2002 by elyme>; APPROVED <13 JAN 2003 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOYA PALENCIA ON MEXICAN ENERGY POLICY
TAGS: ENRG, MX, (MOYA PALENCIA, MARIO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005